

2025 Methodology Review Supplementary Mining Revenue Consultation Paper

Tasmanian Government Submission

May 2024

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I Introduction

This submission responds to the Commonwealth Grants Commission's (Commission) supplementary Consultation Paper on Mining Revenue.

The Commission has asked states to provide comments on whether there are material differences in state capacities to raise royalty revenue that are not captured by the current aggregate coal assessment and if so, whether those differences can be reliably assessed.

Summary of Tasmania's position

Tasmania in principle supports the Commission's proposal to assess coal revenue on a more granular basis whether that be by price band or coal type should it be material to do so.

However, due to the thin coal market in Tasmania, there is no reliable data to support an assessment by price band.

2 Mining Revenue

2.1 *Does the 2020 Review method adequately capture all material differences in state capacities to raise coal revenue?*

Tasmania has previously supported the mineral by mineral approach in the 2020 Review methodology for assessing states' ability to raise mining revenue.

However, given the price differences between metallurgical and non-metallurgical (thermal) coal, Tasmania would support in principle a more granular coal assessment should it be material to do so.

2.2 *Do states support a differential coal assessment based on price bands?*

Tasmania would support in principle a differential coal assessment based on price bands.

However, a price band approach would raise confidentiality issues in Tasmania due to the very small size of the sector, with only internal sales and no exports.

Tasmania would not be able to provide reliable price data to support this approach.

2.3 *Are the proposed 3 price bands sufficient to appropriately capture differences in state capacities to raise coal revenue?*

Tasmania is not able to provide reliable price data for coal sales in the State.

The proposed three price bands would appear reasonable to capture differences in other states' capacities to raise coal revenue, particularly given the tiered royalty regime in Queensland.

However, as other states introduce tiered royalty regimes, the price bands may need to be reviewed by the Commission to ensure that they continue to be appropriate.

2.4 *If a price band approach is not feasible, do states support an assessment based on the type of coal?*

As noted in Tasmania's response to the Discussion Paper on the supplementary new issue in the 2024 Update, Tasmania is supportive of an assessment based on type of coal should it be material to do so.